

ASSEMBLY BILL

No. 2188

Introduced by Assembly Member Bradford

February 18, 2010

An act to amend Section 3075 of, and to add Sections 1326.5, 1326.6, and 2702.5 to, the Unemployment Insurance Code, relating to unemployment insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 2188, as introduced, Bradford. Unemployment compensation: disability benefits: electronic payment.

Existing law authorizes the Employment Development Department to administer the state unemployment insurance and the disability compensation programs. Existing law requires the department, among other duties, to make unemployment compensation payments as prescribed by the Director of Employment Development, and to make disability benefit payments by checks drawn on a specified bank, as provided.

The bill would authorize the director to make these payments using electronic technology, and if using a vendor to provide electronic payments, prescribe criteria for a contract between the department and the vendor.

This bill would require the State Auditor to prepare and submit a report to specified legislative committees, as provided, evaluating the implementation of these electronic payments.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 1326.5 is added to the Unemployment Insurance Code, to read:

1326.5. Any contract entered into between the department and a vendor for the electronic payment of benefits shall include the following criteria:

(a) Provide claimants a process to resolve disputes with the vendor in a timely manner.

(b) Require that claimants have free and unlimited access to customer service that meets or exceeds the services provided by the department prior to the implementation of electronic payment of benefits.

(c) Prohibit the assessment of any fees to a claimant for accessing the electronic payment of benefits under all of the following circumstances:

(1) A transaction with a teller at any bank, credit union, or other similar financial institution.

(2) A point of sale transaction where an electronic benefit card is utilized to purchase goods or services.

(3) A transaction at any automatic teller machine in the vendor's financial network.

(d) Allow for inquiries on account balances from automotive teller machines.

(e) Charge no fees wherever the vendor can exercise that option.

(f) Require the vendor to meet or exceed all federal and state laws for financial privacy and language access requirements.

(g) Meet the requirements set forth in Section 19130 of the Government Code.

(h) Create a procedure to prevent overdraft fees.

(i) Prohibit the deduction of any fees, charges, or debt from future unemployment benefits.

SEC. 2. Section 1326.6 is added to the Unemployment Insurance Code, to read:

1326.6. The State Auditor shall complete an evaluation of the implementation of electronic payment of unemployment insurance and disability insurance benefits and report to the Joint Legislative Budget Committee, the Assembly Insurance Committee, and the Senate Labor and Industrial Relations Committee within 18 months of the implementation of Section 1326.5.

1 SEC. 3. Section 2702.5 is added to the Unemployment
2 Insurance Code, to read:

3 2702.5. Any contract entered into between the department and
4 a vendor for the electronic payment of disability benefits shall
5 include the following criteria:

6 (a) Provide claimants a process to resolve disputes with the
7 vendor in a timely manner.

8 (b) Require that claimants have free and unlimited access to
9 customer service that meets or exceeds the services provided by
10 the department prior to the implementation of electronic payment
11 of disability benefits.

12 (c) Prohibit the assessment of any fees to a claimant for
13 accessing the electronic payment of disability benefits under all
14 of the following circumstances:

15 (1) A transaction with a teller at any bank, credit union, or other
16 similar financial institution.

17 (2) A point of sale transaction where an electronic benefit card
18 is utilized to purchase goods or services.

19 (3) A transaction at any automatic teller machine in the vendor's
20 financial network.

21 (d) Allow for inquiries on account balances from automotive
22 teller machines.

23 (e) Charge no fees wherever the vendor can exercise that option.

24 (f) Require the vendor to meet or exceed all federal and state
25 laws for financial privacy and language access requirements.

26 (g) Meet the requirements set forth in Section 19130 of the
27 Government Code.

28 (h) Create a procedure to prevent overdraft fees.

29 (i) Prohibit the deduction of any fees, charges, or debt from
30 future disability benefits.

31 SEC. 4. Section 3075 of the Unemployment Insurance Code
32 is amended to read:

33 3075. The director shall, without presenting vouchers and
34 itemized statements, withdraw from the Disability Fund any sums
35 ~~which~~ *that* he *or she* deems necessary for the payment of disability
36 benefits for a reasonable future period. The Controller shall draw
37 his *or her* warrant for any claim presented by the director for ~~such~~
38 *the* payment and the Treasurer shall pay the warrant. Upon the
39 withdrawal thereof, ~~such~~ *those* sums shall be deposited in a
40 disability benefit payment account in such bank or public

1 depository and under~~such~~ *those* conditions as the director
2 determines, with the approval of the Department of Finance. ~~Such~~
3 *The* bank or public depository shall be one in which general funds
4 of the state may be deposited, but no public deposit insurance
5 charge or premium shall be paid out of ~~such~~ *that* account. Money
6 in this account shall be used solely to pay disability benefits ~~by~~
7 ~~checks drawn on the account~~ by the department pursuant to
8 authorized regulations and no other disbursement shall be made
9 from that account, except that amounts erroneously and illegally
10 deposited in ~~such~~ *that* account may be refunded. The procedure
11 prescribed by ~~such~~ *those* regulations shall satisfy and be in lieu of
12 any and all statutory requirements of specific appropriation or
13 other form of release by state officers of money in their custody
14 prior to expenditure ~~which~~ *that* might otherwise be applicable to
15 withdrawals from ~~such~~ *that* account.